

108TH CONGRESS
1ST SESSION

H. R. 3601

To amend the Internal Revenue Code of 1986 to protect the health benefits of steel industry retirees by expanding the availability of the refundable tax credit to the health insurance costs paid by former employers.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. ENGLISH (for himself and Mr. CARDIN) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to protect the health benefits of steel industry retirees by expanding the availability of the refundable tax credit to the health insurance costs paid by former employers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Steel Industry Retiree
5 Benefits Protection Act of 2003”.

1 **SEC. 2. EXTENSION OF REFUNDABLE CREDIT TO FORMER**
2 **EMPLOYERS FOR HEALTH INSURANCE PAY-**
3 **MENTS FOR CERTAIN STEEL INDUSTRY RE-**
4 **TIREES.**

5 (a) IN GENERAL.—Subsection (a) of section 35 of the
6 Internal Revenue Code of 1986 is amended to read as fol-
7 lows:

8 “(a) IN GENERAL.—

9 “(1) CREDIT ALLOWED TO ELIGIBLE INDIVID-
10 UALS.—In the case of an individual, there shall be
11 allowed as a credit against the tax imposed by sub-
12 title A an amount equal to 65 percent of the amount
13 paid by the taxpayer for coverage of the taxpayer
14 and qualifying family members under qualified
15 health insurance for eligible coverage months begin-
16 ning in the taxable year.

17 “(2) CREDIT ALLOWED FOR PAYMENTS FOR EL-
18 IGIBLE STEEL INDUSTRY RETIREES.—In the case of
19 a qualified steel company, there shall be allowed as
20 a credit against the tax imposed by subtitle A an
21 amount equal to 65 percent of the amount paid dur-
22 ing the taxable year by the qualified steel company
23 for qualifying coverage of an eligible steel industry
24 retiree and qualifying family members under quali-
25 fied health insurance.

1 For purposes of paragraphs (1) and (2), amounts paid for
 2 coverage shall not include any premiums paid for the
 3 Medicare supplemental insurance program established
 4 under part B of title XVIII of the Social Security Act.”.

5 (b) QUALIFYING COVERAGE.—Subsection (g) of sec-
 6 tion 35 of such Code (relating to special rules) is amended
 7 by redesignating paragraph (9) as paragraph (10) and in-
 8 serting after paragraph (8) the following new paragraph:

9 “(9) QUALIFYING COVERAGE.—For purposes of
 10 subsection (a)(2)—

11 “(A) IN GENERAL.—Coverage shall not be
 12 treated as qualifying coverage unless at least 50
 13 percent of the cost of such coverage for all eligi-
 14 ble steel industry retirees who are retired from
 15 the applicable qualified steel company, and
 16 qualifying family members, determined on a
 17 combined basis, for such taxable year is paid or
 18 incurred by such qualified steel company.

19 “(B) SPECIAL RULE RELATING TO COL-
 20 LECTIVE BARGAINING.—Subparagraph (A) may
 21 be satisfied separately with respect to coverage
 22 provided to eligible steel industry retirees pur-
 23 suant to a collective bargaining agreement.”.

24 (c) DEFINITION OF ELIGIBLE STEEL INDUSTRY RE-
 25 TIREE.—

1 (1) IN GENERAL.—Subsection (c) of section 35
2 of such Code is amended by adding at the end the
3 following new paragraph:

4 “(5) ELIGIBLE STEEL INDUSTRY RETIREE.—

5 “(A) IN GENERAL.—The term ‘eligible
6 steel industry retiree’ means, with respect to
7 any month, any individual who—

8 “(i) is a retiree of a qualified steel
9 company, and

10 “(ii) is receiving retiree health bene-
11 fits in accordance with an employee benefit
12 plan (within the meaning of section 3 (3)
13 of the Employee Retirement Income Secu-
14 rity Act of 1974) which is established,
15 maintained, or contributed to by the retir-
16 ee’s former employer and is in effect on or
17 after January 1, 2000, or is no longer re-
18 ceiving such benefits as a result of the ter-
19 mination of coverage under such benefit
20 plan on or after January 1, 2000, pursu-
21 ant to an order of bankruptcy court, by op-
22 eration of bankruptcy law, or by agreement
23 with an authorized representative as pro-
24 vided in section 1114 of title 11, United
25 States Code.

1 “(B) RETIREE.—For purposes of this
2 paragraph, the term ‘retiree’ means, with re-
3 spect to a qualified steel company, an individual
4 (including any eligible surviving spouse of an
5 individual) who has met any years of service or
6 disability requirements under an employee ben-
7 efit plan described in subparagraph (A)(ii)
8 which are necessary to receive retiree health
9 benefits under the plan, and at least 50 percent
10 of whose years of service were performed in the
11 United States on behalf of a qualified steel
12 company.

13 “(C) QUALIFIED STEEL COMPANY.—The
14 term ‘qualified steel company’ means—

15 “(i) a person who was engaged on or
16 before January 1, 2003, in—

17 “(I) the production or manufac-
18 ture of a steel mill product,

19 “(II) the mining or processing of
20 iron ore or beneficiated iron ore prod-
21 ucts, or

22 “(III) the production of coke for
23 use in a steel mill product, or

24 “(ii) a labor organization that, in the
25 aggregate at one or more qualified steel

1 companies, represents at least 10,000 em-
2 ployees.

3 “(D) QUALIFIED STEEL COMPANY.—The
4 term ‘qualified steel company’ includes any per-
5 son who, on or before January 1, 2003, was en-
6 gaged in the transportation of any steel product
7 or iron ore products solely or principally for an-
8 other qualified steel company described in the
9 preceding sentence, but only if such person and
10 such other person bear a relationship to each
11 other specified in section 267(b).”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Paragraph (1) of section 35(c) of such
14 Code is amended by striking “and” at the end
15 of subparagraph (B), by striking the period at
16 the end of subparagraph (C) and inserting “,
17 and”, and by adding the following new subpara-
18 graph:

19 “(D) an eligible steel industry retiree.”.

20 (B) Paragraph (1) of section 35(d) of such
21 Code is amended—

22 (i) in subparagraph (A) by inserting
23 “, or the eligible steel industry retiree’s,”
24 after “taxpayer’s”, and

1 (ii) in subparagraph (B) by inserting
2 “or the eligible steel industry retiree” after
3 “taxpayer”.

4 (d) ADDITION OF STEEL RETIREE HEALTH BENE-
5 FITS TO DEFINITION OF QUALIFIED HEALTH INSUR-
6 ANCE.—Paragraph (1) of section 35(e) of such Code is
7 amended by adding at the end the following new subpara-
8 graphs:

9 “(K) Coverage under an employee benefit
10 plan of a qualified steel company or coverage
11 funded by a steel industry retiree benefits
12 health trust.

13 “(L) In the case of an eligible steel indus-
14 try retiree, coverage under a medicare supple-
15 mental policy (as defined in section 1882(g)(1)
16 of the Social Security Act), Medicare+Choice
17 plan (as defined in part C of title XVIII of such
18 Act), and similar plans.”.

19 (e) EXCEPTION FROM SPECIFIED COVERAGE RULE
20 FOR STEEL INDUSTRY RETIREES.—Subsection (f) of sec-
21 tion 35 of such Code is amended by adding at the end
22 the following flush sentence: “Paragraph (2) shall not
23 apply in the case of a credit under this section otherwise
24 allowable to an eligible steel industry retiree and quali-
25 fying family members of such retiree.”.

1 (f) SPECIAL RULE FOR QUALIFIED STEEL COMPANY
 2 PAYMENTS TO A STEEL INDUSTRY RETIREE HEALTH
 3 BENEFITS TRUST.—Subsection (g) of section 35 of such
 4 Code, as amended by subsection (b), is further amended
 5 by adding at the end the following new paragraph:

6 “(10) TREATMENT OF PAYMENTS BY A QUALI-
 7 FIED STEEL COMPANY TO A STEEL INDUSTRY RE-
 8 TIREE HEALTH BENEFITS TRUST.—For purposes of
 9 this section—

10 “(A) IN GENERAL.—Amounts paid by a
 11 qualified steel company to a steel industry re-
 12 tiree health benefits trust shall be treated as
 13 amounts paid for qualifying coverage for pur-
 14 poses of subsection (a)(2) (determined without
 15 regard to paragraph (9)).

16 “(B) STEEL INDUSTRY RETIREE HEALTH
 17 BENEFITS TRUST.—The term ‘steel industry re-
 18 tiree health benefits trust’ means a trust estab-
 19 lished for the purpose of paying health and
 20 death benefits to eligible steel industry retirees
 21 and qualifying family members either pursuant
 22 to section 501(c)(9) or in connection with the
 23 acquisition by a qualified steel company of an-
 24 other qualified steel company or of a substan-

1 tial portion of the assets of another qualified
2 steel company.”.

3 (g) OTHER CONFORMING AMENDMENTS.—

4 (1) Section 35(g)(1) of such Code is amended
5 by striking “subsection (a)” and inserting “sub-
6 section (a)(1)”.

7 (2) Section 35(g)(2) of such Code is amended
8 by striking “162(l) or 213” and inserting “162(l),
9 213, or 419”.

10 (h) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2003.

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